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Message Text

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20
ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 (ISO) W
---------- 032771
R 291745Z AUG 75
FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC 6410
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO

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PASS EXIMBANK & FCIA

E.O. 11652: N/A
TAGS: BPRO, BR
SUBJECT: FCIA CREDIT INSURANCE - CIA. BRASILEIRA DE TRATORES

REF: STATE 199333

1. BEGIN UNCLASSIFIED. DUN & BRADSTREET REPORTS CIA. BRASILEIRA DE TRATORES (CBT) HAS A SLIGHTLY TIGHT FINANCIAL SITUATION AND MEETS SOME OF ITS PAYMENT OBLIGATIONS WITH DELAYS. REGISTERED CAPITAL IS CR$ 37.5 MILLION, NET WORTH CR$ 87.8 MILLION, WORKING CAPITAL CR$ 32.4 MILLION, AND CURRENT ASSETS TO LIABILITIES RATION 1.27 TO 1.00. D & B FURTHER CONSIDERS CBT'S BUSINESS TENDENCY AS NORMAL, AND CONGEN BELIEVES FIRM'S CURRENT TIGHT SITUATION MAINLY RESULTS FROM LONG-TERM FINANCIAL OPERATIONS IN THE VALUE OF SOME CR$ 15 MILLION.

2. POLO CENTRO PROJECT, ANNOUNCED BY GOB EARLIER THIS YEAR, PROPOSES TO TURN BRAZIL'S 50 MILLION HECTARES OF HIGH CHAPARRAL INTO FARMING LAND, STARTING WITH TWELVE EXPERIMENTAL AREAS COVERING 3 MILLION HECTARES IN MINAS GERAIS, GOIAS AND MATO GROSSO. PRESS REPORTS INDICATE AVAILABILITY OF VERY LONG-TERM GOB FINANCING OF CR$ 2
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BILLION FOR INFRASTRUCTURE AND CR$ 10 BILLION FOR FARMING PRO-

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DUCTION.

3. CONGEN CONFIRMS THAT THE ONLY WAY AN IMPORTER HERE CAN BE EXEMPT FROM A 180 DAY CRUZEIRO COMPULSORY DEPOSIT EQUAL TO THE FOB VALUE OF THE MERCHANDISE TO BE IMPORTED IS TO SECURE MID-TERM FOREIGN FINANCING. TERMS ARE CLEARLY OVER 365 DAYS AND MAY BE AS HIGH AS EIGHTEEN MONTHS AT THE DISCRETION OF THE FOREIGN TRADE DEPARTMENT OF THE BANK OF BRAZIL. THIS REGULATION BECAME EFFECTIVE MID JULY, PER CENTRAL BANK RESOLUTION 331. FOR A DISCUSSION OF 331 SEE BRASILIA'

6362 AND SAO PAULO' 1592. PLEASE NOTE THAT FOREIGN FINANCING DOES NOT REPEAT NOT ALLOW IMPORT OF MACHINES DUTY-FREE.

4. DUN & BRADSTREET REPORT ON C. HILARIO S/C CONTADORES AUDITORES HAS BEEN ORDERED. CONGEN PRESUMES THAT THIS FIRM IS LOCATED IN SAO CARLOS (SP), WHERE CBT'S HEADQUARTERS ARE, BUT POST HAS NO ADDRESS AVAILABLE. END UNCLASSIFIED.

5. BEGIN LIMITED OFFICIAL USE. ALTHOUGH CONGEN DOES NOT FORMALLY APPROACH LOCAL SUPPLIERS TO CHECK A COMPANY'S PAYMENT RECORD, IN RESPONSE TO TELCON REQUEST OF 8/26/75, FOLLOWING INFORMATION REGARDING CBT WAS OBTAINED: CIA. VALE DO RIO DOCE OFFICIAL UNAWARE OF CURRENT TRANSACTIONS WITH CBT. KRUPP METALURGICA REPORTS CBT IS 15-YEARS-OLD CUSTOMER WITH GOOD REPUTATION, AND IS UNCONCERNED ABOUT CBT'S RECENT DELAYS OF ONLY A FEW DAYS. MERCEDES BENZ DO BRASIL REPORTS CBT PURCHASES AN AVERAGE OF CR$ 10 MILLION MONTHLY AND PAYS PUNCTUALLY. A DELAY OF 30 DAYS OCCURING FOR THE FIRST TIME IN A LONG RECORD IN JUNE 1975 WAS NOT TAKEN INTO CONSIDERATION. MOTORES PERKINS REFUSED TO DIVULGE INFORMATION ABOUT ITS RELATIONSHIP WITH CBT. IT SHOULD BE OBSERVED THAT SOME OF STRONGEST CONCERNS HAVE EXPERIENCED PAYMENT DELAYS IN RECENT MONTHS BUE TO LOCAL BUSINESS CLIMATE AND LIQUIDITY PROBLEMS. END LIMITED OFFICIAL USE.

6. BEGIN UNCLASSIFIED. UNDER THE CIRCUMSTANCES AMCONGEN SAO PAULO PERCEIVES NO POLITICAL OR OTHER REASONS WHY EXIM SHOULD NOT REPEAT NOT FAVORABLY CONSIDER CREDIT REQUEST. END UNCLASSIFIED.
CHAPIN

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